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FISCAL IMPACT REPORT

ORIGINAL DATE 2/1/07

SPONSOR Varela LAST UPDATED _____ HB 814

SHORT TITLE GSD EQUIPMENT REPLACEMENT PLANS SB _____

ANALYST Propst

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
	NFI		

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

General Services Department (GSD)

SUMMARY

Synopsis of Bill

House Bill 814 requires the General Services Department (GSD) to submit five-year equipment replacement plans to the Department of Finance and Administration and the legislature by December 1 each year, with reports on the previous year's financial activity. GSD would request the State Treasurer to create non-reverting, interest-bearing equipment revolving funds for enterprise functions to capture depreciation through GSD's rate structure, recorded quarterly, and transferred from operating funds for each enterprise service. The first transfers will be as of July 1, 2007, based on audited financial statements for FY07.

SIGNIFICANT ISSUES

GSD reports that segregating capital investment costs from operating cash will aid in planning capital replacements and in preventing federal overcharge assessments for money that is not subject to overcharge or under-recovery.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

GSD will continue to include depreciation in its enterprise rate structures, but the money will not be held separately from operating budgets.

WEP/mt